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Message Text

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INFO OCT-01 EUR-12 EA-07 IO-10 ISO-00 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 SAM-01

AID-05 PC-01 OMB-01 SIL-01 LAB-04 EB-07 COME-00 AGR-05

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O R 241330Z SEP 75
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 1382
INFO AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KABUL
AMEMBASSY KATHMANDU
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL HONG KONG
AMCONSUL KARACHI
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AMCONSUL MADRAS
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CINCPAC HONOLULU HI
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C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 12877

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PINS, PINT, IN
SUBJ: EMERGENCY: THIRD MONTH ANALYSIS
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REF: NEW DELHI 12635

SUMMARY: THE LULL IN GOI POLITICAL INITIATIVES THAT BEGAN
IN MID-AUGUST CONTINUES. SOME LOWER LEVEL POLITICAL
PRISONERS ARE BEING RELEASED. THE JUDICIARY IS FOLLOWING
FAMILIAR PRE-EMERGENCY PATTERS, MRS. GANDHI WILL MOVE
TO LIMIT FURTHER ITS POWERS AFTER THE SUPREME COURT
DISPOSSES OF HER CASE. THE PRIME MINISTER'S RESTRICTIONS
ON DEMOCRATIC INSTITUTIONS HAVE ENCOURAGED DEFECTIONS AND
RESIGNATIONS FROM OPPOSITION PARTIES. THE EMERGENCY APPEARS
TO HAVE CREAHMM MORE DIFFICULTIES THAN OPPORTUNITIES FOR THE
PRO-SOVIET COMMUNIST PARTY OF INDIA. MRS. GANDHI'S SENIOR
MINISTERS CONTINUE TO PLACE EMPHASIS ON MORE MODERATE
ECONOMIC POLICIES. THE GOI'S POST EMERGENCY ECONOMIC MEASURES
HAVE PRODUCED MIXED RESULTS. DESPITE IMPROVEMENTS IN SOME AREAS,
SUCH AS INCREASED WORKER DISCIPLINE AND CONTROL OF INFLATION,
THE GOVERNMENT IS YET TO COME TO GRIPS WITH INDIA'S BASIC AND
ONG TERM PROBLEMS OF POPULATION CONTROL, FOOD SHORTAGES AND
INDUSTRIAL STAGNATION. END SUMMARY.

1. THE LULL IN GOI POLITICAL INITIATIVES THAT BEGAN IN
MID-AUGUST CONTINUES. MANY OF OUR INDIAN AND DIPLOMATIC
CONTACTS RELATE THIS SLOWDOWN TO THE COUP IN DACCA. OTHERS
CONTEND THAT MRS. GANDHI DETERMINED SHE HAS UNNECESSARILY
GONE TOO FAR
TOO FAST IN SEEKING TO PRESERVE HER POSITION.
WHATEVER HER RATIONALE, LITTLE IS NOW HEARD OF THE CRASH
RESEARCH PROJECTS ON ALTERNATIVES TO INDIA'S 25 YEAR OLD CONSTITUTION
THAT WERE UNDERWAY IN THE WEEKS IMMEDIATELY
FOLLOWING THE EMERGENCY. PREVIOUS GOI AMBIGUITY ON
THE QUESTION OF RELAXATION AND STATEMENTS BY THE LAW
MINISTER THAT A NEW CONSTITUTIONAL "FRAMEWORK" IS
REQUIRED HAS ENDED. MRS. GANDHI AND HER MINISTERS ARE
EMPHASIZING THE PROVISIONAL NATURE OF THE EMERGENCY
AND THE GOVERNMENT'S INTENTION NOT TO CHANGE THE BASIC
FEATURES OF THE CONSTITUTION. THE GOI MINISTER FOR PAR-
LIAMENTARY AFFAIRS IS TELLING CONGRESS MP'S THAT A BRIEF
TWO WEEK WINTER SESSION OF PARLIAMENT WIL BEGIN ON
NOVEMBER 17. THE GOI IS RELEASING SOME LOWER AND MIDDLE
LEVEL POLITICAL PRISONERS.
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2. THE JUDICIARY IS FOLLOWING FAMILIAR PRE-EMERGENCY
PATTERS. BUT ITS POQWRS TO CHECK OR REVERSE MRS.
GANDHI'S AUTHORITARIAN DIRECTION ARE LIMITED. IT CAN
ONLY INTERPRET THE LAW. THE CONSTITUTION OFFERS THE PRIME

MINISTER, WITH HER FIRM CONTROL OVER BOTH THE LEGISLATURE
AND EXECUTIVE, ALMOST UNLIMITED SCOPE TO CHANGE THE LAW.

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AFTER THE COURT'S DECISION ON MRS. GANDHI'S CASE, WE
ANTICIPATE THAT SHE WILL USE NEW LEGISLATION OR CONSTITUTIONAL
AMENDMENTS, TO WEAKEN THE POWERS OF THE JUDICIARY.

3. MRS. GANDHI'S RESTCTCTIONS ON DEMOCRATIC INSTITUTIONS

AND THE GENERAL ACCEPTANCE OF THE EMERGENCY AMONG THE GREAT
MAJORITY OF SOPHISTICATED INDIANS ARE EFFECTING GRADUAL
BUT PERCEPTIBLE CHANGES WITHIN POLITICAL PARTIES.
THE RANKS OF THE AUNA SANGH, THE BHARTIYA LOK DAL (BLD),
THE CONGRESS (O), AND THE SOCIALISTS HAVE THINNED IN
MANY NORTH INDIAN STATES THROUGH DEFECTIONS AND RESIGNATIONS.
THE CONGRESS PARTY IS IN A COMFORTABLE POSITION,
ASSISTED BY MRS. GANDHI'S CONTROL OVER THE GOVERNMENT MACHINERY
AND THE INFLUENCE OF THE STRONG CONGRESS FARM LOBBIES
AT THE STATE LEVEL. THE CPM, LONG DEPRIVED OF OPPORTUNITY TO
CONTEST ELECTIONS IN ITS STRONGHOLD OF WEST BENGAL, IS
WATCHING MRS. GANDHI TO SEE HOW FAR SHE WILL GO. THE PRO-
SOVIET CPI EXPRESSES CONFIDENCE IN ITS PARTNERSHIP WITH
THE CONGRESSPARTY NOW THAT THE LATTER IS SEIZED WITH A NEW
"URGENCY" IN CARRYING OUT "PROGRESSIVE" PROGRAMS. BUT THE
CPI'S VULNERABILITY TO BOTH THE RIGHT AND THE LEFT HAS
INCREASED. THE CONGRESS INTEREST IN RETAINING CPI SUPPORT
IN SEVERAL STATE LEGISLATURES HAS LESSENED. SO HAS THE NEED
RBO DRAW ON THE CPI'S RELATIVELY LIMITED ELECTORAL AND CADRE
SUPPORT AT ELECTION TIME. THE CPI WILL FIND IT DIFFICULT
TO WIDEN ITS FOLLOWING AMONG LABOR, NOW THAT STRIKES ARE
DISALLOWED AND CONGRESS' INTUC LEADERSHIP HAS BETTER ACCESS TO
GOVERNMENT RESOURCES. SANJAY GANDHI'S PUBLICLY STATED FREE
ENTERPRISE VIEWS ARE BOTH DISQUIETING AND, GIVEN HIS SPECIFIC
POSITION, BEYOND THE REACH OF DIRECT CPI CRITICISM.THE CPM MORE-
OVER COULD EXPLOIT THESE DIFFICULTIES BY WOOING MIDDLE AND LOWER
LEVEL CPI CADRE.
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ACTION NEA-10

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L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 SAM-01

AID-05 PC-01 OMB-01 SIL-01 LAB-04 EB-07 COME-00 AGR-05

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O R 241330Z SEP 75
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 1383
INFO AMEMBASSY COLOMBO
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CINCPAC FOR POLAD

4. WE CONTINUE TO SEE INDICATITIS THAT THE GOI IS MOVING
TOWARD MORE MODERATE ECONOMIC POLICIES. WE BELIEVE THAT
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THIS TREND STEMS FROM MRS. GANDHI'S BELIEF THAT IT WILL PROVIDE
ECONOMIC BENEFITS AND MOLLIFY RESENTMENT IN THE CONSERVATIVE

FARM AND BUSINESS LOBBIES OVER HER PERSONAL
CONSOLIDATION OF POWER. IN PUBLIC STATEMENTS, GOI MINISTERS
DUSPEAK OF DELICENSING SELECTIVE INDUSTRIES, MAKING THE
PUBLIC SECTOR MORE COMPETITIVE, ENCOURAGING FOREIGN INVEST-
MENT AND INTRODUCING A SYSTEM OF WORKER INCENTIVES. CONGRESS

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LEADERS ARE STRIKING A LESS FRIENDLY POSTURE TOWARD THE CPI,
AND THERE ARE RUMORS THAT SEVERAL OF THE PRO-CPI CABINET MINISTERS
WILL BE DROPPED IN THE CABINET RESHUFFLE EXPECTED AFTER THE
COURT DECISION.

5. THE IMPORTANT QUESTION REVOLVE AROUND THE GOI'S
WILL AND ABILITY TO WORK ON THE FUNDAMENTAL ECONOMIC
PROBLEMS THAT WILL CONTINUE TO PLAGUE INDIA OVER THE
YEARS AND DECADES AHEAD. TO DATE, THE ECONOMIC RETURNS
OF THE EMERGENCY,INCLUDING INCREASED LABOR DISCIPLINE.
STABLE PRICES AND INCREASED REVENUE COLLECTIONS ARE AT
LEAST PARTIALLY OFFSET BY THE PRESENT RECESSION AND THE
STEADY FADING OF THE "SHOCK" EFFECTS THAT MOVED THE
BUREAUCRACY IN THE PERIOD FOLLOWING THE EMERGENCY. THE
TRADITIONAL GAP BETWEENHVOI RHETORIC AND IMPLEMENTATION
HAS NOT PERCEPTIBLY NARROWED. COAL IS PILING UP AT
PITHEADS WHILE STEEL PLANTS CLAMORE FOR IT. THE POWERFUL
FINANCE BUREAUCRACY IS SHAKING ITS FINGER AT
AMBITIOUS SPENDING PROGRAMS. TAKEN TOGETHER,
THE FISCAL AND ADMINISTRATIVE MEASURES ACTUALLY PUT
INFO FORCE SINCE THE EMERGENCY AMOUNT ONLY TO TINKERING.
THEY ARE NOT PRELIMINARY STEPS TOWARD SOLVING INDIA'S
BASIC PROBLEMS. MRS. GANDHI'S TRADITIONAL APPROACH
TO ECONOMICS AS A FACTOR IN HER SHORT TERM POLITICAL
STRATEGY, HER APPARENT DECISION TO CONTINUE WORKING THROUGH
FAMILIAR BUT INADEQUATE POLITICAL AND BUREAUCRATIC MACHINERYBU
AND THE ENORMITY OF INDIA'S PROBLEMS AUGER ILL FOR SUB-
STANTIAL ECONOMIC PROGRESS. ALTHOUGH SHE HAS ONCE
AGAIN SUCCESSFULLY RETAINED HER SUPREME POLITICAL POSITION--
AND WILL ADOPT MORE MEASURES TO INSURE IT--HER GOVERNMENT IS
YET TO COME TO GRIPS WITH INDIA'S BASIC LONG TERM PROBLEMS OF
POPULATION CONTROL, FOOD SHORTAGES AND INDUSTRIAL STAGNATION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPREME COURT, POLADS, COURT PROCEEDING, CONSTITUTIONAL AMENDMENTS, POLITICAL PRISONERS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE12877
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750331-0085
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750922/aaaaatat.tel
Line Count: 262
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 NEW DELHI 12635
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAY 2003 by BoyleJA>; APPROVED <28 MAY 2003 by GolinoFR>
Review Markings:

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US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMERGENCY: THIRD MONTH ANALYSIS CONFIDENTIAL
TAGS: PINS, PINT, IN, CINCPAC, (GANDHI, INDIRA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006